

# BlumShapiro

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To the Board of Finance  
Town of East Haddam, Connecticut

In planning and performing our audit of the financial statements of the Town of East Haddam, Connecticut, as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of East Haddam, Connecticut's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of East Haddam, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of East Haddam, Connecticut's internal control.

We noted the following matters involving the internal control over financial reporting and its operation that we offer as constructive suggestions for your consideration as part of the ongoing process of modifying and improving accounting controls and administrative practices.

## **Tax Collector**

During our audit procedures, we noted that the Tax Collector is the only employee dedicated fully to the Tax Collector's office. Although there are staffing constraints due to the size of the town, it is crucial to establish segregation of duties in the Tax Collector's office in order to maintain an appropriate control environment. We recommend that strong controls continue to be implemented in this area to alleviate any potential risk. Controls should include, but not be limited to, safeguarding cash during business hours, automatically generating delinquent notices from the system and implementing a mechanism to review write-off entries on interest within the system by someone outside of the office on a periodic basis.

## **Purchasing Process**

During our audit procedures, we noted that although the Town uses a requisition form, it does not currently use formal Purchase Orders. It is our understanding that the Town is in the process of implementing a purchase order system and we recommend that the Town continue in this direction. The use of purchase orders can strengthen the overall control environment over purchasing and become an effective budgeting tool.

This letter should be read in conjunction with our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated November 5, 2014.

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This communication is intended solely for the information and use of management, members of the Board of Finance, the Board of Selectmen, others within the organization, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
November 5, 2014